

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 INRE-00 SSO-00 NSCE-00 USIE-00

AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00

USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04

SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03 H-02

PA-01 PRS-01 IO-10 OIC-02 INT-05 OES-03 FEA-01 NEA-10

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EO 11652: N/A

TAGS: EGEN, EINV, EFIN, IMF, IBRD, PE, US

SUBJECT: MARCONA NATIONALIZATION - FINANCE MINISTER VARGAS

GALIVANO'S DEPARTURE STATEMENT PRIOR TO ATTENDING

IMF/IBRD MEETINGS

REF: A) LIMA 6991, B) LIMA 5832

1. FINANCE MINISTER VARGAS GAVILANO MADE SHORT DEPARTURE STATEMENT AT THE AIRPORT ON AUGUST 27 UPON HIS DEPARTURE TO ATTEND IMF/IBRD MEETINGS IN WASHINGTON. VARGAS SAID HE PLANS DISCUSSIONS WITH IMF, IBRD, AID AND EXIMBANK, "CONCERNING THE FINANCING OF PERUVIAN PROJECTS." HE ADDED THAT THESE INTERVIEWS ARE DIRECTLY RELATED TO THE AGREEMENTS REACHED DURING THE IBRD WORLD BANK MEETING IN PARIS, WHICH SIGNIFY IMPORTANT ECONOMIC SUPPORT FOR PERU.

2. TURNING TO MONETARY PROBLEMS, THE MINISTER SAID THAT PERU  
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SUPPORTS A MONETARY SYSTEM WHICH WOULD FAVOR THE NATIONS

WHICH LACK PRODUCTIVE CAPACITY AND THAT HAVE SUFFERED MOST MARKEDLY THE EFFECTS OF THE WORLD ECONOMIC CRISIS. HE ALSO MADE A DIRECT REFERENCE TO THE FACT THAT PERU WILL BE AFFECTED BY THE ACTIONS OF THE PETROLEUM EXPORTING COUNTRIES AND THAT THE GOP WILL TAKE THE NECESSARY MEASURES TO PROTECT THE NATIONAL ECONOMY AND THE PERUVIAN CONSUMER FROM SUCH ACTION. HE THEN IMPLIED THAT PERU, BECAUSE OF ITS OWN PETROLEUM POLICY, WILL SHORTEN THE TIME BEFORE WHICH IT WILL BECOME SELF-SUFFICIENT AND AN EXPORTER OF PETROLEUM.

3. FINALLY, THE MINISTER SAID HE WOULD REMAIN IN THE U.S. DURING FIRST FEW DAYS OF SEPTEMBER AND THEN RETURN TO PERU.

4. COMMENT: UPON READING THE TEXT OF MINISTER'S STATEMENT, EMBASSY OFFICER IMMEDIATELY CALLED CARLOS ROMERO (REF A) TO CONFIRM RETURN DATE OF THE MINISTER. CONTRARY TO WHAT ROMERO TOLD EMBASSY OFFICER ON AUGUST 26 THAT MINISTER WOULD REMAIN IN U.S. FOR A MONTH OR SO, ROMERO CONFIRMED ACCURACY OF MINISTER'S STATEMENT AND TOLD EMBASSY OFFICER THAT A PRESENT VARGAS PLANS TO RETURN TO PERU BETWEEN SEPTEMBER 10-12. THUS, THIS CONSIDERABLY SHORTENS THE PERIOD OF TIME PRIOR TO WHICH VARGAS MIGHT BE ABLE TO LINE UP THE PRIME MINISTER FOR THE SCENARIO SUGGESTED REF A. ROMERO SAID, IN ADDITION, THAT WHILE HE DID NOT HAVE A CHANCE TO SPEAK DIRECTLY TO THE MINISTER, HE HAD INCLUDED THE SUGGESTION THAT THE MINISTER CALL AT THE DEPARTMENT OF STATE IN THE MEMORANDUM HE HAD PREPARED FOR THE MINISTER'S CONSIDERATION.

5. ON THE SEPARATE ISSUE OF PETROLEUM, VARGAS, FOLLOWING PRESIDENT VELASCO'S OPENING ADDRESS TO NAC MEETING, OBLIQUELY CRITICIZED PETROLEUM EXPORTING COUNTRIES' PRICE POLICIES, A NEW DEPARTURE FOR HIM. FINALLY, WE DISCOUNT THIS REFERENCE TO PERU'S IMPENDING SELF-SUFFICIENCY AND EVEN EXPORT STATUS IN PETROLEUM AS THE USUAL PERUVIAN RHETORIC ON THIS SUBJECT.  
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